



DEPARTMENT OF GENERAL SERVICES
Executive Office

May 14, 2004

Ms. Diane F. Boyer-Vine
Legislative Counsel
State Capitol, Room 3021, B-30
Sacramento, CA 95814

Dear Ms. Boyer-Vine:

In compliance with the Public Contract Code Section 10115.5 and Military and Veterans Code Section 999.7, the Department of General Services (DGS), Procurement Division prepared the enclosed Disabled Veteran Business Enterprise (DVBE) Report for Fiscal Year 2002/2003 and the DGS Small Business and DVBE Improvement Plan.

If you need further information or assistance, please contact Patricia Connors, Manager, Office of Small Business/Disabled Veteran Business Enterprise Utilization and Development, Small Business and Disabled Veteran Business Enterprise Services Branch, Procurement Division, Department of General Services, at (916) 375-4937.

Sincerely,

Ron Joseph, Interim Director
Department of General Services

RJ:TM:tm

Enclosure

cc: See attached Distribution List #2
Ralph Cansimbe, Acting Disabled Veteran Business Enterprise Advocate,
Department of Veterans Affairs
Janice King, Acting Deputy Director, Procurement Division, Department of General
Services
Mariel Dennis, Chief, Small Business & Disabled Veteran Business Enterprise
Services Branch, Procurement Division, Department of General Services
Patricia Connors, Manager, Office of Small Business/Disabled Veteran Business
Enterprise Utilization and Development, Small Business & DVBE Services
Branch, Procurement Division, Department of General Services

Disabled Veteran Business Enterprise
Department of General Services
FY 02/03

Division or Office	Total Contract Dollars	Disabled Veteran Contract Dollars	Office Disabled Veteran %	Number of Contracts Awarded
DGS - ADMINISTRATIVE HEARINGS	\$3,137,860	\$3,000	0.10%	1
DGS - ARCHITECT, DIVISION OF THE STATE	\$4,768,218	\$109,431	2.30%	0
DGS - AUDIT SERVICES	\$20,042	\$0	0.00%	0
DGS - CHIEF INFORMATION OFFICER	\$6,175,983	\$201	0.00%	665
DGS - INTERAGENCY SUPPORT	\$47,649,173	\$1,485,558	3.12%	488
DGS - LEGAL SERVICES	\$100,024	\$0	0.00%	0
DGS - LEGISLATION	\$12,344	\$0	0.00%	0
DGS - MANAGEMENT SERVICES	\$2,547,972	\$60,902	2.39%	56
DGS - PROCUREMENT	\$25,783,216	\$2,942,837	11.41%	255
DGS - REAL ESTATE SERVICES	\$588,099,980	\$6,629,299	1.13%	665
DGS - TELECOMMUNICATIONS	\$12,099,108	\$53,437	0.44%	2
DEPARTMENT TOTALS	\$690,393,920	\$11,284,665	1.63%	2,132

Totals may not agree due to rounding

Disabled Veteran Business Enterprise
CONTRACTS UNDER \$25,000
Department of General Services
FY 02/03

Division or Office	Total Contract Dollars	Disabled Veteran Contract Dollars	Office Disabled Veteran %
DGS - ADMINISTRATIVE HEARINGS	\$1,292,989	\$3,000	0.23%
DGS - ARCHITECT, DIVISION OF THE STATE	\$931,821	\$10,167	1.09%
DGS - AUDIT SERVICES	\$20,042	\$0	0.00%
DGS - CHIEF INFORMATION OFFICER	\$2,571,255	\$201	0.01%
DGS - INTERAGENCY SUPPORT	\$27,990,196	\$1,048,788	3.75%
DGS - LEGAL SERVICES	\$100,024	\$0	0.00%
DGS - LEGISLATION	\$12,344	\$0	0.00%
DGS - MANAGEMENT SERVICES	\$1,553,587	\$56,662	3.65%
DGS - PROCUREMENT	\$1,539,402	\$16,455	1.07%
DGS - REAL ESTATE SERVICES	\$12,486,406	\$887,531	7.11%
DGS - TELECOMMUNICATIONS	\$3,691,213	\$3,086	0.08%
DEPARTMENT TOTALS	\$52,189,279	\$2,025,890	3.88%

Totals may not agree due to rounding

Disabled Veteran Business Enterprise
CONTRACTS BY CATEGORIES
Department of General Services
FY 02/03

Division or Office	Commodities	Service	Construction	DVBE Commodities	DVBE Services	DVBE Construction
DGS - ADMINISTRATIVE HEARINGS	\$226,066	\$2,911,794	\$0	\$0	\$3,000	\$0
DGS - ARCHITECT, DIVISION OF THE STATE	\$931,182	\$3,837,036	\$0	\$10,167	\$99,264	\$0
DGS - AUDIT SERVICES	\$8,016	\$12,026	\$0	\$0	\$0	\$0
DGS - CHIEF INFORMATION OFFICER	\$4,447,008	\$1,728,975	\$0	\$201	\$0	\$0
DGS - INTERAGENCY SUPPORT	\$23,989,864	\$23,659,309	\$0	\$1,475,259	\$10,299	\$0
DGS - LEGAL SERVICES	\$68,479	\$31,545	\$0	\$0	\$0	\$0
DGS - LEGISLATION	\$1,867	\$10,477	\$0	\$0	\$0	\$0
DGS - MANAGEMENT SERVICES	\$898,452	\$1,649,520	\$0	\$57,016	\$3,886	\$0
DGS - PROCUREMENT	\$5,672,308	\$20,110,908	\$0	\$203,751	\$2,739,086	\$0
DGS - REAL ESTATE SERVICES	\$6,972,193	\$60,278,811	\$520,848,976	\$238,842	\$1,759,185	\$4,631,272
DGS - TELECOMMUNICATIONS	\$4,774,349	\$7,324,759	\$0	\$2,922	\$50,515	\$0
DEPARTMENT TOTALS	\$47,989,784	\$121,555,160	\$520,848,976	\$1,988,158	\$4,665,235	\$4,631,272

Totals may not agree due to rounding

Small Business and Disabled Veteran Business Enterprise Improvement Plan

Purpose The Department of General Services (DGS) hereby submits its Small Business (SB) and Disabled Veteran Business Enterprise (DVBE) Improvement Plan to the Legislature. The DGS did not meet the required goals of 25 percent for Small Business and three percent for DVBE contracting participation for fiscal year 2002/2003.

Statute The DGS is mandated by the following:

- Executive Order D-37-01 requires SB Improvement Plans to be submitted to the Governor's Office when the 25 percent contracting participation goal is not met.
- Government Code (GC) Section 14838 requires DVBE Improvement Plans to be submitted to the Legislature by January 1 when the three percent contracting participation goal is not met.

Questions If you have questions regarding this improvement plan, please contact Simona Hernandez, Report Coordinator:

- Email at simona.hernandez@dgs.ca.gov, or
- Phone at (916) 375-4921

In this plan The plan consists of:

Topic	See Page
Summary of SB and DVBE Participation	2
Explanation of Why Goals Were Not Achieved	3
Plan to Enhance Contracting Opportunities for SB and DVBE	4
Advocacy and Planning	6
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Summary of Small Business and Disabled Veteran Business Enterprise Participation

Small Business participation

A comparison of the 2001/2002 and 2002/2003 Fiscal Year (FY) participation details are as follows:

Fiscal Year	Total Contract Dollars	Small Business Contract Dollars	Small Business Contract Percentage	Net Change
2001/2002	\$595,654,999	\$150,492,260	25.27%	
2002/2003	\$690,393,920	\$58,432,586	8.46%	-16.81%

DVBE participation

A comparison of the 2001/2002 and 2002/2003 Fiscal Years participation details are as follows:

Fiscal Year	Total Contract Dollars	DVBE Contract Dollars	DVBE Contract Percentage	Net Change
2001/2002	\$595,654,999	\$25,029,546	4.2%	
2002/2003	\$690,393,920	\$11,284,665	1.63%	-2.57%

Reason for disparity

The wide-ranging disparity in percentages between FY 2001/2002 and FY 2002/2003 is due primarily to two large Real Estate Services Division (RES D) contracts totaling \$402,850,000, in which there was only minimal participation. Overall, RES D achieved SB participation of only 5.58 percent and DVBE participation of 1.13 percent, which most significantly impacted the DGS' report.

Differential

The following data indicates the differential and impact:

	DGS without RES D	DGS with RES D	Differential
Small Business Contract Percentage	24.85%	8.46%	-16.39%
DVBE Contract Percentage	4.56%	1.63%	-2.93%

Explanation of Why the Goals Were Not Achieved

Concerns

Overall, the DGS continues to actively and aggressively pursue SB and DVBE participation. However, the lack of SB and DVBE participation and reporting inconsistencies by RESD in their largest contracts, has significantly impeded the DGS' ability to achieve the goals.

Explanation

The following information details the DGS' concerns:

1	RESD administers very large construction contracts, and requires the prime contractor to be a large firm. Most of the first-tier subcontractors are also big businesses.
2	RESD has not required prime contractors to hire SB and/or DVBE subcontractors.
3	RESD awards significant contracting dollars for professional services where the contracts are qualifications-based and not bid-based, so there is minimal SB or DVBE participation.
4	This report included the Franchise Tax Board building at Butterfield (\$116,850,000) and the Secure Treatment Facility at Coalinga State Hospital (\$286,000,000). These projects had minimal SB and DVBE participation, and the reporting of the participation was inconsistent.
5	RESD has one staff person dedicated to coordinate all aspects of the SB and DVBE programs.

Plan to Enhance Contracting Opportunities for Small Businesses and DVBES

Policies

The following policies have already been implemented:

1. The RESD shall actively and aggressively promote the use of SB and DVBES in all purchasing and contracting activities and will pursue participation goals in excess of 25 percent and three percent respectively.
 2. The RESD SB and DVBE Advocate shall actively and aggressively advocate to the division the importance of the participation goals and shall be responsible for ensuring the accuracy of all contract reporting.
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Policy 1 implementation

The RESD is implementing the following actions:

Action Item	Action
1	Develop language for use in bid solicitations to require a SB/DVBE Utilization Plan for projects in excess of \$40 million.
2	Develop language for use in bid solicitations requiring mandatory subcontracting to SB and DVBES.
3	Revise language in bid solicitations to include the five percent bidding preference for small businesses.
4	Electronically communicate with vendors to encourage contractors to become certified as SB and/or DVBES with the DGS SB and DVBE Services Branch, Office of SB/DVBE Certification.
5	Utilize the streamlined contracting process per GC Sections 14838.5 and 14838.7 to solicit certified SB or DVBES to bid on projects up to \$120,000.
6	Provide links to the certification applications in electronic advertisements placed in the California State Contracts Register.
7	Provide onsite outreach and assistance to potential bidders at all mandatory bid walk-through meetings.
8	Develop current lists of certified SB and DVBES for each trade to distribute at bid walk-through meetings.
9	Develop an orientation video to be used in lieu of onsite visits when budget precludes travel.
10	Require mandatory SB and DVBE participation reporting in all solicitations/contracts.

Plan to Enhance Contracting Opportunities for Small Businesses and DVBEs (cont'd)

Policy 2 implementation

The RESD SB and DVBE Advocate will:

1	Meet monthly with SB and DVBE Services Branch.
2	Respond to contractor and bidder questions.
3	Capture SB and DVBE contracting dollars, and report those figures to the SB and DVBE Services Branch on a monthly basis.
4	Attend the majority of project pre-bid site conferences to advocate contracting participation.
5	Attend small business trade fairs.
6	Provide materials and conduct presentations on the state's goals.
7	Develop reporting procedures to capture SB and DVBE sub-contracting activity.
8	Design a proactive system that ensures certification of qualified construction contractors.
9	Work with the SB & DVBE Services Branch to assure all identified subcontractors are encouraged to apply for SB and/or DVBE Certification.

Advocacy and Planning

Advocacy

The DGS' SB and DVBE Services Branch, Office of SB/DVBE Utilization and Development is responsible for the DGS and statewide SB and DVBE annual reports, and ensuring the goals and requirements of Executive Orders D-37-01 and D-43-01 are being met. There are three SB and DVBE Advocates within this office, one being the Report Coordinator, in addition to one advocate within each division and office in the DGS.

Yolanda Hazewood, the RESD SB and DVBE Advocate, is responsible for the SB and DVBE program in RESD. She can be contacted at:

- Email: yolanda.hazewood@dgs.ca.gov, or
 - Phone: (916) 376-1756
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Planning

The DGS' SB and DVBE Services Branch, Office of SB/DVBE Utilization and Development will continue to successfully provide outreach to state agencies and the SB and DVBE communities.

The RESD SB and DVBE Advocate's position resides in the Business Operations, Policy, and Planning Branch (BOPP), providing administrative support to RESD. In addition to the implementation of Policy Two in this plan, BOPP will do the following:

- Create and adopt a policy that supports the participation goals;
 - Conduct monthly meetings with Contracts staff to improve goal attainment through the newly created policy;
 - Regularly remind Contracts staff of participation goals;
 - Make concerted efforts to capture and report all participation; and
 - Work directly with consultants and contractors to increase participation.
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Monitor and Continuously Improve

Reporting

The RESD will change the reporting process for all contracts to ensure SB and DVBE participation is being reported accurately.

Progress checks

The DGS’ SB and DVBE Services Branch, Office of SB/DVBE Utilization and Development will conduct monthly progress checks to ensure that RESD is monitoring all construction projects for SB and DVBE participation and that data is being reported accurately.
